



News Release

For Immediate Release

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Backlog of Tax Credit Programs for Employers Reduced

*Programs provide incentives to hire workers who
have difficulty securing and retaining employment*

INDIANAPOLIS (December 14, 2005) -- The Indiana Department of Workforce Development (DWD) has successfully reduced another backlog in the agency.

Backlogs existing in two federal tax credit programs designed to encourage employers to hire individuals who have difficulty in securing and retaining employment have been reduced by 83 percent. Last month, the agency announced the reduction of a backlog in unemployment insurance claims.

DWD Commissioner Ron Stiver stated that there were 30,000 tax credit applications waiting to be processed under the Work Opportunity Tax Credit program and Welfare to Work program when the Daniels Administration took office in January of 2005. Since that time, the number of claims has been reduced to 5,142.

"These tax credits provide a small measure of compensation for the extra time and effort employers spend helping these Hoosiers succeed in the workplace," Stiver said. "Now that the backlog has been reduced, and we are able to process these credit applications in a timely manner, I want to encourage all employers to look into the advantages of hiring those targeted under this program."

According to Steve Austin, Director of Governmental Affairs for Elwood-based Red Gold Inc., "We recently began to see great improvements in the turnaround time for our WOTC paperwork. Under the previous administration, our applications were taking up to a year to go through processing. We are now getting applications processed and returned to us usually in around thirty days. The communication from the office and help over the telephone with staff is markedly improved. Red Gold has been a participant in the Welfare Opportunity Tax Credit (WOTC) program since June of 2002."

The Work Opportunity Tax Credit program targets eight groups:

1. **Aid to Families with Dependent Children (AFDC) and Temporary Assistance for Needy Families (TANF) Recipients** - An individual who is a

member of a family receiving AFDC/TANF for any 9 months during the 18-month period ending on the hiring date.

2. **Veterans** - Active duty veterans who received food stamp assistance for any 3 month period during the 15-month period ending on the hiring date.
3. **Ex-felons** - Economically disadvantaged individuals who have been convicted of a felony and were either convicted or released from prison within a year of hire.
4. **High Risk Youth** - Individuals who are at least 18, but not yet 25, who live in a federal empowerment zone or enterprise community. Currently, these zones are located in certain parts of Indianapolis, the Calumet region, and the town of Austin.
5. **Vocational Rehabilitation Referrals** - Individuals who are referred to employers on completion of the Individualized Written Plan for Re-employment and have received rehabilitation services up to 2 years after receipt of last vocational rehabilitation services.
6. **Summer Youth** - Individuals who are at least 16, but not yet 18, and who live in a federal empowerment zone. The individuals must be employed between May 1 and September 15.
7. **Food Stamp Recipients** - Individuals who are at least 18, but not yet 25, and who are members of a family receiving food stamp assistance for the six-month period ending on the hiring date. The category also includes able-bodied adults without dependents who received food stamps for at least 3 months during the five-month period ending on the hiring date, who cease to be eligible.
8. **Supplemental Security Income (SSI) Recipients** - Individuals who have received Supplemental Security Income benefits for any month ending within the 60-day period ending on the hiring date.

Under the Work Opportunities Tax Credit program, employers receive tax credits:

- If an employee works at least 120 hours, but not more than 400 hours, the employer may qualify for a credit of 25 percent of up to \$6000 of the employee's wages (maximum credit is \$1500).
- If an employee works more than 400 hours, the employer may qualify for a credit of 40 percent of up to \$6000 of the employee's wages (maximum credit is \$2400).
- The summer youth tax credit is \$750 for completing 120 hours and \$1200 for completing 400 hours.

The Welfare to Work tax credit is aimed at citizens who have been receiving welfare (AFDC or TANF) benefits for at least 18 months, or those who became ineligible because federal or state law limited the maximum time those payments could be made. This credit is 35 percent of the first \$10,000 during the first year and 50 percent of the first \$10,000 during the second year.

The Work Opportunity Tax Credit and Welfare to Work program backlogs were cited in state government's first annual performance report issued in August of 2005. At that time, DWD had set a goal of reducing the backlog from the 30,000 figure to 8,000 by year's end.

Additional information on both tax credit programs and forms can be found on the department's web site, <http://www.in.gov/dwd/employers/wotc.html>.

DWD is charged with continually improving the Hoosier workforce by assisting companies to create new jobs and improve worker skills. The Agency offers a variety of training and educational grants, partners with Indiana's 26 WorkOne centers, administers the unemployment insurance system, provides labor market information, assists employers with preparing workers with layoffs and closures, and operates a statewide job placement service. For more information on DWD and its programs, call 888-465-4616 or visit the web site at www.workforce.IN.gov.